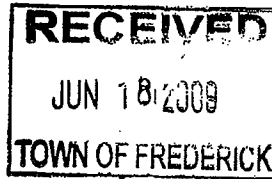




Your Touchstone Energy® Partner



June 15, 2009

Mr. Derek Todd  
Ms. Marcia Lierman  
Mr. Dick Leffler  
Town of Frederick  
P.O. Box 435  
Frederick, Colorado 80530-0435

United Power values the partnership we have with the Town of Frederick, and appreciates you taking time out of your busy schedules to meet with us on Friday, June 12, 2009. It was a very timely and productive meeting. As promised, this letter contains an outline for the Town of Frederick regarding the follow-up items from the meeting.

1. United Power will provide to the Town a listing of the services that it performs for the Town under the O&M agreement and the cost of providing each service by July 6, 2009.
2. United Power has followed up on the delay in sending the monthly statement. Going forward, United will have the previous month's billing out by the last day of the following month (i.e. May's statement will be sent by June 30<sup>th</sup>).
3. United Power will begin compiling, on a monthly basis, a listing of maintenance items performed for the Frederick system and the associated costs. The missing information (from previous months) will be sent to Frederick by July 6, 2009.
4. United Power will prepare a map that specifies ownership of electrical facilities. This map will be completed by July 9, 2009.
5. Dean Hubbuck and Dick Leffler will discuss a more regular schedule for Operating Committee meetings. It was determined that regularly scheduled meetings will assist both parties in addressing issues in a more timely manner.
6. Antelia Salazar-Ball and Marcia Lierman will work together on a transition schedule for moving payment processing out of the Frederick office. Other payment options, such as kiosks, will be researched as possible alternatives. In addition, notification of customers will be coordinated between Frederick and United.
7. United Power will credit Frederick in the amount of \$143,259.58 for a billing adjustment to cost of power on the April statement, which will be mailed to Frederick by June 22, 2009.

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In addition to discussing these follow-up items, United Power staff proposed a resolution to the uncollectible accounts issue at the meeting. As of December 31, 2008, we have an uncollectible account balance of \$56,383.40 on Frederick customer accounts. This balance represents past due accounts for the years 1999-2008.

In order to resolve this situation, United is proposing that we "waive" all uncollectible balances through December 31, 2007, in the amount of \$45,226.75. That would leave Frederick with a balance of \$11,156.65 for the 2008 uncollectible accounts. In addition, United proposes that we notify Frederick of the uncollectible accounts balance in June of each year for the previous year. United is willing to bill the uncollectible amount to Frederick in installments or as one lump sum payment – whichever you prefer. In addition, we will also credit Frederick any amounts collected on accounts written off as uncollectible as soon as payment is received from our third party collection agency.

Please let me know by July 31, 2009, if you will be accepting United Power's proposal for addressing uncollectible accounts. In addition, if you have any questions or need additional information, please don't hesitate to contact me at 303-637-1299.

Sincerely,

A handwritten signature in black ink, appearing to read "Ruth R. Marks", with a stylized, flowing script.

Ruth R. Marks

Chief Operations Officer

Cc: Robert Broderick, CEO  
Antelia Salazar-Ball, Manager of Customer Service  
Dean Hubbuck, Manager of Consumer Relations and Electric Design